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LAC-IEE-11-69

ENVIRONMENTAL THRESHOLD DECISION

Activity Location:	Guatemala
Activity Title:	Economic Growth
Activity Number:	TBD
Life-of-Activity-Funding:	\$115 million
Life-of-Activity:	FY 2004 – FY 2012
IEE Prepared by:	Liliana Gil, USAID/Guatemala
Reference Environmental Threshold Decisions (ETD):	<p>LAC-IEE-04-46 (Original) LAC-IEE-06-09 (Fires) LAC-IEE-06-42 (Post-Stan) LAC-IEE-07-35 (Biodiesel) LAC-IEE-07-52 (Tourism, Forestry and Ag) LAC-IEE-08-12 (Disperse Houses-Stan) LAC-IEE-08-46 (Protecting our Investments, DOI/USAID PAPA) LAC-IEE 08-54 (Economic Growth fund increase and period extension) LAC-IEE-09-71 (Economic Growth fund Increase, period extension and new infrastructure component) LAC-IEE-10-77(Economic Growth fund Increase and period extension) LAC-IEE-11-13 (Strengthening Governance in the Maya Biosphere Reserve)</p>
Recommended Threshold Decision:	<p>Categorical Exclusion Negative Determination Negative Determination with Conditions Positive Determination Deferral</p>

Bureau Threshold Decision:

Concur

Comments:

This amendment is prepared with the purposes of: (1) increasing the funding amount from \$80 million to \$115 million for activities to be implemented under the Economic Growth Objective including new activities under the Feed the Future (FtF) Initiative (2) extending the obligation period through FY 2012; and (3) including a new activity entitled Enhance Scientific Capacity at Guatemalan Institutions for Long-Term Monitoring and Restoration Efforts at Lake Atitlan—*Unidos por un Lago Atitlán Vivo*. On-going programs under the existing SO 2 instruments remain valid during this period which marks a transition to the Country Development Cooperation Strategy to be approved in FY 2012 and incorporates appropriate aspects of the multi-year strategy for FTF.

A **Categorical Exclusion is issued** to those activities involving technical assistance, training, analyses, studies, workshops, document transfers, and others that will not have an impact on the environment such as actions listed under Activity 1 Promoting Food Security and Trade Integration through Sanitary and Phytosanitary Standards (SPS) and other Agriculture-related Capacity building, portions of Activity 2, **Rural Value Chains Project (RVCP)**, Activity 4, **New Environment Project**, Activity 8 **Economic Observatory**, and Activity 9, **Monitoring and Evaluation**. Applicable sections of 22 CFR 216.2(c)(2) include:

(i) Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment **(such as construction of facilities, etc.)**;

(xiv) Studies, projects or programs intended to develop the capability of recipient countries to engage in development planning, except to the extent designed to result in activities directly affecting the environment **(such as construction of facilities, etc.)**

A **Categorical Exclusion** is issued to the Activity3, “**Enhance Scientific Capacity at Guatemalan Institutions for Long-Term Monitoring and Restoration Efforts at Lake Atitlan—*Unidos por un Lago Atitlán Vivo***” since the chemicals to be used for research will be stored, utilized, and disposed of entirely at the Universidad del Valle’s research lab in a proper way. The applicable section of 22 CFR 216.2(c)(2) is:

(ii) Controlled experimentation exclusively for the purpose of research and field education which are confined to small areas and carefully monitored;

A **Negative Determination with Conditions** is issued to the small-scale infrastructure, and water and sanitation activities of ongoing activities of Activity 4, **New Environment**

Project, and Activity 7 Consolidation and Sustainability of the Resettlement Process of families affected by Tropical Storm Stan. An Environmental Mitigation Plan (EMP) will be required for these activities as described below.

- The **Negative Determination with Conditions** requires that the implementing partners prepare an Environmental Mitigation Plan (EMP) describing how they will, in specific terms, implement mitigation measures and standard design criteria that will significantly reduce or eliminate potential adverse impacts on the environment that may occur as a result of their activities. The EMP shall include a plan to monitor the implementation of mitigation measures and their effectiveness. This EMP will be integrated into the initial and subsequent work plans, making any necessary adjustments to activity implementation in order to minimize adverse impacts to the environment. EMPs shall be submitted to the AOTR/COTR and approved by the REA prior to initiating the activity. Language reflecting this condition will be included in all agreements and contracts for implementing these components. Guidance on preparation of the EMP will be provided to the contractor as part of the Request for Proposals. The EMP guidelines are attached to this IEE.
- Implementing partners shall incorporate appropriate sections of USAID's "Environmental Guidelines for Development of Activities in Latin America and the Caribbean." into their EMPs. This document is available at the following website:
http://www.usaid.gov/locations/latin_america_caribbean/environment/docs/epiq/epiq.html
- A condition precedent for activities that have a Negative Determination with Conditions and Positive Determinations is that the Mission hires a qualified deputy Mission Environmental Officer (MEO) to meet its environmental compliance needs for implementing these new and ongoing activities. The Mission will need the additional support to be able accomplish its Economic Growth program in a way that is environmentally compliant and sustainable. It is essential that the Mission have the capacity to do field inspections and monitoring, adaptive management, evaluations, training and orientation of partners, and other duties outlined in USAID/Guatemala's Mission Order. The deputy MEO should be hired before implementation of new activities or within 90 days of the signing of this Environmental Threshold Decision.
- All major implementing partners of activities that have issued a Negative Determination with Conditions or a Positive Determination will have a qualified environmental compliance experts and the management capacity for carrying out these conditions and EA recommendations.

A **Negative Determination with Conditions** is issued to activity 5, **Sustainable Forest Management DCA Loan Guarantee for Community-Based Forestry Enterprises**, and activity 6, **Food Security DCA**, because of the connection with agricultural and

forest management activities, subject to the following conditions:

- Activities 5 and 6 will include training of the credit institutions in environmental impact awareness and sustainability, and will provide the credit institutions with the USAID/LAC Environmental Guidelines, especially Chapter 4, *Environmental Issues and Best Practices for Microfinance Institutions and Micro and Small-Scale Enterprises*, and other appropriate environmental guidelines related to the loan portfolio, including the Mission's Environmental Assessments on forestry and agricultural activities, them to share with loan recipient.
- Activities 5 and 6 will ensure that all participating credit institutions have established environmental review procedures for loan applications, using the materials mentioned above include as appropriate to their lending portfolios.

A **Deferral** is issued to Activity 2, **Rural Value Chains Project (RVCP)**, as insufficient information is given in the IEE to issue a Negative Determination with Conditions. Large-scale or extensive agricultural activities typically receive a positive determination. RVCP could potentially cause significant environmental impacts given that this Feed the Future activity is expanding an agricultural program into a new geographical area (Western Highlands), it will also have new partners with unknown environmental compliance management capacity, and the IEE includes no environmental compliance guidelines or best management practices for the proposed coffee or horticultural crops and value chains. Please indicate the scope of RVCP (number of farmers, size of farms, etc.), provide a description of the locations affected, and define all potential environmental impacts (direct, indirect, or cumulative), and include approved environmental compliance guidelines for specific crops and how they will be applied to activities through an environmental mitigation and monitoring plan. See the attached *Annotated Outline for Initial Environmental Examinations*. Implementation of the Rural Value Chains activity cannot proceed without first receiving a determination. An appropriate covenant will be included in the obligating document requiring an environmental review and Threshold Decision prior to implementation and to ensure that implementation plans will be modified in accordance with environmental review. See 216.3 (7) (iii) Environmental Review after Authorization of Financing.

A **Positive Determination** is issued to Objective 1 of Activity 4, **New Environment Project**. The Mission will carry out a scoping statement according to 216.3 (4) Scope of Environmental Assessment or Impact Statement, and a subsequent EA according to 216.6 Environmental Assessments. Both of these documents require the approval of the BEO.

A **Positive determination** is issued to all activities involving pesticide purchase or use, including training for IR2 activities. A mission-wide Pesticide Evaluation Report and Safe Use Action Plan (PERSUAP) will be developed and approved according to 216.3(b) Pesticide Procedures before implementation of these activities.

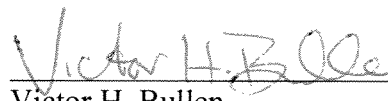
Conditions also include:

Responsibilities

- Each activity manager or **Contracting (or Agreement) Officer Technical Representative (C/AOTR)** is responsible for making sure environmental conditions are met (ADS 204.3.4). In addition, C/AOTRs are responsible for ensuring that appropriate environmental guidelines are followed, mitigation measures in the IEE are funded and implemented, and that adequate monitoring and evaluation protocols are in place to ensure implementation of mitigation measures.
- It is the responsibility of the **Strategic Objective (SO) Team** to ensure that environmental compliance language from the ETD is added to procurement and obligating documents, such as activity-related Strategic Objective Grant Agreements (SOAGs), program descriptions, and statements of work.
- The **Mission Environmental Officer** will conduct spot checks to ensure that conditions in the IEE and this ETD are met. These evaluations will review whether guidelines are properly used to implement activities under this ETD in an environmentally sound and sustainable manner according to USAID and applicable U.S. Government policies and regulations.
- The implementing **contractor or partner** will ensure that all activities conducted under this instrument comply with this ETD. Also, through its regular reporting requirements, a section on environmental compliance (e.g. mitigation monitoring results) will be included.

Amendments

- Amendments to Initial Environmental Examinations (IEE) shall be submitted for LAC Bureau Environmental Officer (BEO) approval for any activities not specifically covered in the IEE, which include:
 - Funding level increase beyond ETD amount,
 - Time period extension beyond ETD dates (even for no cost extension), or
 - A change in the scope of work, such as the use of pesticides or activities subject to Foreign Assistance Act sections 118 and 119 (e.g. procurement of logging equipment), among others.


 Date 9/20/2011
 Victor H. Bullen
 Bureau Environmental Officer
 Bureau for Latin America and the Caribbean

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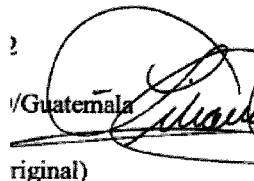
Attachment: Initial Environmental Examination Amendment

File: LAC.RSD.PUB\RSDPUB\EES\Reg216\IEE\IEE11\ LAC-IEE-11-69 ETD (GU -
SO 2 Amendmt 11 of LAC-IEE-04-46).doc



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**AMENDMENT No. 11 to
INITIAL ENVIRONMENTAL EXAMINATION LAC-IEE-04-46**

Activity Location:	Guatemala	
Objective:	Economic Growth	
Funding Source:	DA, ESF	
Funding:	\$115 million	
Duration:	FY 2004 – FY 2012	
IEE Prepared by:	Liliana Gil, USAID/Guatemala	 <small>original)</small>
Reference ETDs:	LAC-IEE-04-46 (Original) LAC-IEE-06-09 (Fires) LAC-IEE-06-42 (Post-Stan) LAC-IEE-07-35 (Biodiesel) LAC-IEE-07-52 (Tourism, Forestry and Ag) LAC-IEE-08-12 (Disperse Houses-Stan) LAC-IEE-08-46 (Protecting our Investments, DOI/USAID PAPA) LAC-IEE 08-54 (Economic Growth fund increase and period extension) LAC-IEE-09-71 (Economic Growth fund Increase, period extension and new infrastructure component) LAC-IEE-10-77(Economic Growth fund Increase and period extension) LAC-IEE-11-13 (Strengthening Governance in the Maya Biosphere Reserve)	
Date Prepared:	September 1 st , 2011	
Recommended Threshold Decision:	-Categorical Exclusion -Negative Determination -Negative Determination with Conditions -Positive Determination -Deferral	

1. Background

a. Previous ETD's

On August 2, 2004, the Bureau Environmental Officer for Latin America and the Caribbean issued LAC-IEE-04-46 for USAID-Guatemala activities to be implemented under the Economic Freedom: An Open, Diversified, Expanding Economy Objective (formally numbered as 520-022) subsequently amended through LAC-IEE-06-09 for forest fires activities, LAC-IEE-06-42 for Post-Stan Reconstruction (\$6 million), LAC-IEE-07-35 for biodiesel activities, LAC-IEE-07-52 for Tourism, Forestry and Agricultural Clusters, LAC-IEE-08-12 for disperse housing under the Post-Stan reconstruction project, LAC-IEE-08-46 for Protecting our Investments, DOI/USAID PAPA, LAC-IEE 08-54 to increase the funding amount from \$25.8 million to \$50 million and extend the Life-of-Activities through FY 2010, LAC-IEE-09-71 to increase the funding amount from \$50 to \$58 million to include expected funding levels through FY 2009 and to add a new component regarding small-scale infrastructure, LAC-IEE-10-77 to (1) increase the funding amount from \$58 million to \$80 million for activities to be implemented under the EG Objective, which includes the initial planning of the Feed the Future Initiative that align very well with previous years' activities under the SO; and, (2) extended the life-of-activity implementation period through FY 2011; and LAC-IEE-11-13 for Strengthening Governance in the Maya Biosphere Reserve (MBR) Program.

These ETD's cover activities for \$80 million for the period FY 2004-FY 2011 and included the following threshold decisions:

A **Categorical Exclusion** to those activities involving technical assistance, training, analyses, studies, workshops, document transfers, and others that will not have an impact on the environment. Applicable sections of to 22 CFR 216.2(c)(2)(i) include:

(i) Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (**such as construction of facilities, etc.**);

(xiv) Studies, projects or programs intended to develop the capability of recipient countries to engage in development planning, except to the extent designed to result in activities directly affecting the environment (**such as construction of facilities, etc.**); and

Negative Determination to "Protecting our Investments – Department of the Interior/USAID PAPA" activities such as watershed mapping and resources assessments, flow monitoring equipment and installation, and water quality monitoring resources.

Negative Determination with Conditions for Intermediate Result 1 (Laws, Policies, and Regulations that Promote Trade and Investment) activities that promote a change in land use or land use policy, for activities under IR2 (More Competitive, Market-Oriented Private Enterprises), and for microfinance activities under IR3. Specific conditions for

each of these activities are within the respective IEE amendments and are consolidated within a matrix in the LAC-IEE 09-71.

A Negative Determination with Conditions for the new small-scale infrastructure components of the Economic Growth program.

A Negative Determination with Conditions, pursuant to 22 CFR 216.3 (a) (3) (iii) for the Maya Biosphere Reserve DOI Program for the building, installation, or refurbishing of various forms of small-scale infrastructure, pursuant to the following conditions:

- Implementing partners shall follow USAID's "Environmental Guidelines for Development of Activities in Latin America and the Caribbean". This document is available at the following website:
http://www.usaid.gov/locations/latin_america_caribbean/environment/docs/epiq/epiq.html.
- Upon identification of site-specific actions, the implementing partner shall develop an Environmental Mitigation Plan using the format found in appendix A of the IEE that outlines possible on-site environmental issues, describes specific actions being taken to mitigate these impacts, and presents the monitoring methods that will be used to determine the effectiveness of the mitigation measures. This Environmental Mitigation Plan will be submitted to the Agreements Officer Technical Representative (AOTR) and the Mission Activity Manager for approval by the Mission Environmental Officer (MEO) prior to implementation. In addition, the implementing partner must comply with host country environmental regulations and obtain all required permits from the appropriate host country officials. In case of conflict between host country and USAID regulations, the more stringent regulations will apply. Regular reporting by the implementing partner to the AOTR will include a section on environmental compliance.

A Positive Determination for all activities involving pesticide purchase or use, including pesticide purchase or use for Post-Stan reconstruction training activities.

A Positive Determination is issued to the Strengthening Governance in the Maya Biosphere Reserve DOI Program, pursuant to 22 CFR 216.3 (a) (2) (iii), is recommended for all land use and recovery activities related to community forestry concessions. As such, an Environmental Assessment developed and approved by the LAC Bureau Environmental Officer in accordance with 22 CFR 216.6 will be required prior to initiation of these forest management activities.

A Deferral for all activities involving pesticide purchase or use, including training for IR2 activities, for all activities associated with construction of new housing developments and associated infrastructure, and for the forestry projects contemplated in the western highlands.

b. Environmental Compliance:

In order to ensure that environmental mitigations outlined in these ETD's, subsequent EA's and other environmental mitigation documents have been implemented, the following monitoring activities have been undertaken:

Agriculture, coffee, forestry and tourism (includes handicrafts) clusters: A Negative Determination with conditions was issued for these clusters. The implementer for the forestry activity is exploring potential interventions in the western highlands.

AGEXPORT, ANACAFE, Mercy Corps, Counterpart International and Rainforest Alliance received training on how to prepare Environmental Mitigation Plan (EMP). Only Wildlife Conservation Society (a sub-grantee under the Cooperative Agreement with Rainforest Alliance has an approved EMP in place). The EMPs are under development. These documents describe how they will implement mitigation measures that will significantly reduce or eliminate potential adverse impacts on the environment that may occur as a result of their activities. The EMPs include a plan to monitor the implementation of mitigation measures and their effectiveness. These EMPs will be part of their work plans. EMPs will be submitted to the AOTR/COTR and approved by the REA. Language reflecting this condition was included in all agreements and contracts for implementing these components. Guidance on preparation of the EMP was provided to the contractor/grantee as part of the Request for Proposals or Request for Application.

An updated Programmatic Pesticide Evaluation Report and Safe Use Action Plan (PERSUAP) for the agriculture projects was prepared in consultation with implementing partners. It is pending approval by the LAC BEO in FY 2011.

A Negative Determination with Conditions was issued to the new small-scale infrastructure components of the Economic Growth program. For the reporting period, activities related to new small-scale infrastructure implementation have not begun.

Community Habitat Reconstruction and Risk Reduction Project: All construction sites have Environmental Assessments (EAs). In 2010, the REA conducted spot checks to ensure that conditions in the EAs are met. An external environmental evaluation was implemented. Major findings of the external environmental evaluation included:

- All measures to mitigate environmental and risk impacts from the EA were appropriate.
- Mitigation measures implemented in the Naranjo river are benefiting vulnerable communities.
- The plastic devices used in the digesters in el Naranjo, El Tecomate and La Primavera collapsed causing environmental contamination. This was due to lack of maintenance by the part of the beneficiaries.
- The treatment plans in Santa Emilia, La Palmita and Los Cerritos are also causing environmental problems due to lack of maintenance. A plan to restore wastewater treatment systems is recommended.

- Solid waste management is inexistent. People are burning the garbage.
- Compliance with environmental mitigation measures during the occupation phase was very low.
- Disperse houses had the lowest environmental impacts of the program.
- Future projects that involve two or more partners shall subscribe commitment agreements to comply with USAID environmental regulations.
- COCODES need to be strengthened on the proper use, operation and maintenance of water, sanitation and solid waste management systems.

2. IEE Amendment

This amendment is prepared with the purposes of: (1) increasing the funding amount from \$80 million to \$115 million for activities to be implemented under the Economic Growth Objective; (2) extending the implementation period through FY 2012; and (3) including new activities to the SO as listed below.

On-going programs under the existing SO 2 instruments remain valid during this period which marks a transition to the Country Development Cooperation Strategy to be approved in FY 2012 and incorporates appropriate aspects of the Multi-Year Strategy for FtF and Global Climate Change Initiative. USAID/Guatemala will continue support for the creation and growth of micro, small- and medium-size businesses, especially in the horticulture, coffee, tourism, and forestry sectors, through improved access to technical assistance, training, a component on limited small-scale infrastructure such as mini-irrigation systems, cold storage, and small processing facilities to complement the technical assistance and training that we are already providing.

The following are new activities not previously contemplated in previous ETD's

IR 1: Laws, Policies and Regulations that Promote Trade and Investment

1. **Promoting Food Security and Trade Integration through Sanitary and Phytosanitary Standards (SPS) and other Agriculture-related Capacity building (Participating Agency Program Agreement-PAPA with USDA):** USDA will help Guatemala strengthen its capacity to enforce compliance with international standards. USDA will assist Guatemala in the following areas: (1) assess the Government of Guatemala to work with the Chilean Government to adapt the Chilean model for public-private SPS partnership; (2) provide complementary technical support to the many NGO's implementing good agricultural practices programs assisting small-scale producers with overcoming regulatory issues affecting market access; (3) provide laboratory training in the areas of plant pest/disease diagnostics and pesticide/chemical residue analysis; and (4) assist the Ministry of Agriculture (MAGA) to reorganize its Monitoring Information Systems and design their agricultural outlook program.
Implementing Partner: U.S. Department of Agriculture

IR 2: More Competitive, Market-Oriented Private Enterprises

2. **Rural Value Chains Project (RVCP):** The objective of this project is to improve household access to food by expanding and diversifying rural income and to contribute to improve the nutritional status of families benefitted under this program. This will be accomplished by expanding the participation of poor rural households in productive value chains in horticulture and coffee and linking those chains to local, regional, and international markets in coordination with nutrition-related activities aimed at improving food utilization and that are implemented by P.L.480 Title II Food Security Program and health program partners. The technical assistance and training in horticulture and coffee includes use of pesticides. The program will leverage private sector technical, managerial and financial support for integration of nutrition-related activities into USAID-funded programming and investing in agriculture-related activities such as small-scale infrastructure or packing plants and irrigation systems as an opportunity for job and income generation in the focus area. The program will be implemented in the Western Highlands of Guatemala; more specifically the departments of San Marcos, Huehuetenango, Quiche, Quetzaltenango, and Totonicapán. Direct project beneficiaries are expected to be small-scale farmers with commercial potential, rural laborers and groups graduating from P.L.480 Title II food Security program. As part of the RVCP project under the FtF and Global Climate Change Initiatives, the Mission intends to procure seeds for horticulture products such as mini-vegetables, onions, French beans, peas (beans, corn for self-consumption for the most vulnerable populations), etc. and tree seedlings such as coffee trees and other tree species that will be considered during project implementation that can be used as barriers to climatic events. ADS 312.5.1.b. states that “commodities, which are ineligible under the USAID Commodity Eligibility Listing, may be financed if included in the activity approval document”. Mission in consultation with the RLA will obtain the proper waivers and clearances as needed, relating to the procurement of the agricultural commodities.”

Implementing Partners: TBD

3. **Enhance Scientific Capacity at Guatemalan Institutions for Long-Term Monitoring and Restoration Efforts at Lake Atitlan-*Unidos por un Lago Atitlán Vivo*:** Through the assistance of university faculty from U.S. universities, the project will evaluate existing monitoring programs and develop a long-term, scientifically based monitoring framework across the watershed (lake, river, land, atmosphere) that will assist in understanding if future programs (e.g. creation of sewage treatment plants, restoration of wetlands, alteration of fertilizers application on crops, etc.) are improving conditions at Lake Atitlán. The project will compile and quality control existing data and place this information into a database available to all parties working to conserve Lake Atitlán. Additionally, the project will purchase modern laboratory and field instrumentation that can be deployed and maintained by Guatemalan institutions. The project will assist with the maintenance and supply of the laboratory and insure the proper use and disposal of chemical reagents. Finally, the project will train young Guatemalan

scientists in the proper use of this instrumentation, data analysis, and sharing information with policy makers through public friendly reports and presentations to implement programs that will restore Lake Atitlán.

Implementing partners: University of Nevada-Reno, Universidad Del Valle, Universidad Rafael Landívar, University of California-Davis, and the Desert Research Institute.

4. **New Environment Project:** To address poverty and lack of economic opportunities, and the lack of coordinated land and resource use planning and management, USAID/Guatemala will improve local community-based management of natural resources and the integration of local and national-level monitoring and environmental management, taking into account the GOG goals. The following is a list of project objectives:
 - Objective 1 - Develop market-driven conservation strategies at the community level in focus areas and at the national level as appropriate. The strategies and policies are designed to generate income and other financial benefits for local communities.
 - Promote community-based sustainable, legal harvest of timber and non-timber forest products.
 - Identify and implement Payments for Environmental Services mechanisms
 - Generate other revenues from public and private protected area management
 - Promote reforestation and natural forest regeneration utilizing in part, existing government sponsored mechanisms such as forestry incentives programs (PINFOR and PINPEP).
 - Evaluate existing protection and/or management plan for highly vulnerable areas.
 - Revise, strengthen and implement plans using appropriate technology and sustainable economic activities as appropriate.
 - Help stakeholders establish mechanisms to properly fund activities described in the protection plan.
 - Construct productive infrastructure such as wood driers and cold storage rooms for xate.
 - Help establish acceptable baseline data, monitoring, evaluating, and reporting (MRV) standards, and protection measures to offer carbon credits for sale in available markets.
 - Help determine and define rights to offer carbon credits form the part of the GOG.
 - Help coordinate activities with other stakeholders.
 - Objective 2 - Mitigate, reduce and/or enhance adaptation to the impacts of global climate change, by strengthen institutional capacity, policy framework, infrastructure, agro-forestry and forest management practices.
 - Communities in Guatemala's Western Highlands at highest risk are identified.

- Strengthen local organization and community efforts to mitigate risks. Efforts will include on-the-ground activities such as reforestation and improvements to municipal public works.
 - Develop early warning systems and increased local use of forecast information
 - Support GOG and local entities to be prepared to fight forest fires
- Objective 3 – Strengthen a consortium of Guatemala non-governmental organizations (NGO's) that will acquire the technical, fiscal, and administrative capacity to contribute to Guatemala's national environmental management goals without USG assistance.
 - Guatemalan NGO's receive training and technical assistance to achieve standard accounting, fiscal and accounting performance levels in order to qualify for international assistance.
 - Objective 4 – A Guatemalan-led Low Emissions Development Strategy has been developed and approved.
 - Help identify areas for targeted intervention to reduce emissions by sector
 - Assist in the design and implementation of pilot projects in negotiated sectors

Implementing Partner: TBD

IR3: Broader Access to Financial Markets and Services

5. **Sustainable Forest Management DCA Loan Guarantee for Community-Based Forestry Enterprises:** This Loan Portfolio Guarantee (LPG) will expand the availability of credit to community-based forest concessions, associations, and MSMEs within the certified-timber and certified non-timber value chains. The DCA will facilitate working capital loans enabling concessionaires to finance mismatches in cash inflows and outflows. The guarantee will also aid MSMEs gain access to the capital required to add value, distribute, and market certified forest products. The LPG agreement will complement an existing Technical Assistance program implemented by Rainforest Alliance that facilitates sustainable forest management, economic opportunities, and helps ensure the sustainability of the institution of forest concessions in the Maya Biosphere Reserve in Petén, Guatemala.

Implementing Partner: BANRURAL

6. **Food Security DCA:** Implement a loan guarantee in support of USAID/Guatemala's food security program that emphasizes combating extreme poverty in rural Western Highlands. The DCA will support smallholder farmers, agriculture producers, processors, and other agriculture value-chain actors by reducing the collateral requirements needed by potential borrowers and thereby increasing the availability of financial/insurance products aimed at the sector.

Implementing Partner: TBD

IR5: The Assets and Livelihoods of the Poor Protected and Increased

7. **Consolidation and Sustainability of the Resettlement Process of families affected by Tropical Storm Stan:** USAID will help the Government of Guatemala (GOG) and affected communities complete the orderly transfer of families into the resettlement sites developed by the USAID/UNDP PROHABITAT program in San Marcos, provide technical assistance for completing the schools so the families' children will have schools within the new housing developments, and help strengthen the community committees organized under the Community Development Councils (COCODES) to operate and maintain basic services. This program will also strengthen the capacity of residents to generate income from their micro enterprises. In addition, the proposed program will address the main issues pointed out in the environmental evaluation carried out by USAID that need to be addressed, especially to overcome those problems that are hampering the proper functioning of the resettlement sites, in particular the water and sanitation systems. The implementation of this consolidated program will require close coordination with different institutions of the Government of Guatemala, at the central, municipal and community levels.
- Implementing Partner: UNDP**

Cross cutting activities:

8. **Economic Observatory:** USAID will help build sustainable capacity within civil society to: a) identify and assess policy and events that have potential impact on the rural poor (including chronic malnutrition and poverty); b) accurately report policy and event impacts on the economic well-being and advancement potential of the rural poor; c) propose and advocate for reforms that enable the poor to benefit from greater participation in the national economy; and d) track government effectiveness in implementing policy reforms or measures designed to reduce poverty in Guatemala. The Economic Observatory will promote civil society advocacy work to advance pro-poor economic policies and programs by giving the rural poor a voice in identifying barriers to be removed for their greater access to GOG social and economic services and to foster economic policies that will assist poor in facing adverse economic and non-economic events beyond their control – e.g., external shocks from rising food or fuel prices, fiscal policy reform, and natural disasters. The project will encourage active engagement of rural poor via the strengthening of representative civil society organizations. The project will also provide feedback on the effectiveness of Government of Guatemala policies and programs and express how those policies and programs can be better crafted and implemented.
- Implementing partner: TBD**
9. **Monitoring and Evaluation:** USAID will develop and manage a Monitoring and Evaluation program that coordinates project monitoring activities with those of other USG agencies and other donors contributing support to implementation of

FtF and Global Climate Change (GCC) Initiatives in Guatemala. This project will contribute to goals under the new USAID Evaluation Policy (USAID forward). This project will also: 1) conduct systematic and independent impact evaluations of major project interventions (and, as appropriate, strengthen impact evaluation capacity in Guatemalan academic and private research organizations); 2) analyze the quality of data used to measure project performance indicators (Data Quality Assessments); 3) verify Mission-wide compliance of implementing partners with their environmental mitigation plans and validate the accuracy of their compliance review reporting; and 4) provide other monitoring and evaluation support to the Economic Growth office. The project also will have the flexibility to work with the Guatemala Food and Nutritional Security Secretariat (SESAN) and other GOG statistical agencies to harmonize and systematize data collection efforts and to build local capacity to monitor progress against metrics established under GOG food security plans.

Implementing Partner: TBD

Recommendation for Threshold Decision

A **Categorical Exclusion** for those activities involving technical assistance, training, analyses, studies, workshops, document transfers, and others that will not have an impact on the environment such as actions listed under activities 1, portions of 2, portions of 4, 8, and 9. Applicable sections of to 22 CFR 216.2(c)(2)(i) include:

(i) Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (**such as construction of facilities, etc.**);

(xiv) Studies, projects or programs intended to develop the capability of recipient countries to engage in development planning, except to the extent designed to result in activities directly affecting the environment (**such as construction of facilities, etc.**)

A **Categorical Exclusion** is recommended for the activity 3, entitled “**Enhance Scientific Capacity at Guatemalan Institutions for Long-Term Monitoring and Restoration Efforts at Lake Atitlan—*Unidos por un Lago Atitlán Vivo***” since the chemicals to be used for research will be stored, utilized, and disposed of entirely at the Universidad del Valle’s research lab. Pursuant to 22 CFR 216.2(c)(1)(iii) a Categorical Exclusion applies for “Research activities which may have an effect on the physical and natural environment but will not have a significant effect as a result of limited scope, carefully controlled nature and effective monitoring.”(see Annex 1).

A **Negative Determination with Conditions** for the small-scale infrastructure, water and sanitation, and vegetative management components of activities 2, 4, and 7. An Environmental Mitigation Plan (EMP) will be required for these activities as described below.

- The **Negative Determination with Conditions** requires that the implementing partners prepare an Environmental Mitigation Plan (EMP) describing how they will, in specific terms, implement mitigation measures and standard design criteria that will significantly reduce or eliminate potential adverse impacts on the environment that may occur as a result of their activities. The EMP shall include a plan to monitor the implementation of mitigation measures and their effectiveness. This EMP will be integrated into the initial and subsequent work plans, making any necessary adjustments to activity implementation in order to minimize adverse impacts to the environment. EMPs shall be submitted to the AOTR/COTR and approved by the REA prior to initiating the activity. Language reflecting this condition will be included in all agreements and contracts for implementing these components. Guidance on preparation of the EMP will be provided to the contractor as part of the Request for Proposals. The EMP guidelines are attached to this IEE.
- Implementing partners shall incorporate USAID's "Environmental Guidelines for Development of Activities in Latin America and the Caribbean." into their EMPs. This document is available at the following website:
http://www.usaid.gov/locations/latin_america_caribbean/environment/docs/epiq/epiq.html

A **Negative Determination with Conditions** is issued for activities 5 and 6 because of the connection with agricultural and forest management activities, subject to the following conditions:

- The activity will include training of the credit institutions in environmental impact awareness and sustainability, and will provide the credit institutions with the USAID/LAC Environmental Guidelines and other appropriate environmental guidelines for them to share with loan recipients.
- The activity will ensure that all participating credit institutions have established environmental review procedures for loan applications.

A **Positive** determination is recommended for all activities involving pesticide purchase or use, including training for IR2 activities, and for the forestry projects.

USAID/Guatemala hereby recommends that the LAC Bureau Environmental Officer concurs with an increase in the funding originally approved under reference ETDs as well as the extension to the implementation period for the projects and activities through FY 2012 and the approval of the new activities as listed above.

Concurrence:

Nancy L. Hoffman
Acting Mission Director

Date:

Concurrence:

Nancy L. Hoffman
Nancy L. Hoffman
Acting Mission Director

Date:

9/13/2011

**AMENDMENT No. 11 to
INITIAL ENVIRONMENTAL EXAMINATION LAC-IEE-04-46**

Drafted by: LGil, PPS
Cleared by: DDelgado, Acting Director EGO
 TRobles, MEO
 Paul Schmidtke, REA
 Ernest Rojas, Acting DD

by e-mail dated 9/12/2011

Drafted by: LGil, PPS
Cleared by: DDelgado, Acting Director EGO
 TRobles, MEO
 Paul Schmidtke, REA
 Ernest Rojas, Acting DD

9/12/2011

9/12/2011

9/12/2011

by e-mail dated 9/12/2011

9/12/2011

Annex 1

SO 2: “Economic Freedom: Open, Diversified, Expanding Economies”**Proposed New Activity****IR 2: More Competitive, Market-Oriented Private Enterprises**

10. **Enhance Scientific Capacity at Guatemalan Institutions for Long-Term Monitoring and Restoration Efforts at Lake Atitlán—*Unidos por un Lago Atitlán Vivo***: Through the assistance of university faculty from U.S. universities, the project will evaluate existing monitoring programs and develop a long-term, scientifically based monitoring framework across the watershed (lake, river, land, atmosphere) that will assist in understanding if future programs (e.g. creation of sewage treatment plants, restoration of wetlands, alteration of fertilizers application on crops, etc.) are improving conditions at Lake Atitlán. The project will compile quality control existing data and place this information into a database available to all parties working to conserve Lake Atitlán. Additionally, the project will purchase modern laboratory and field instrumentation that can be deployed and maintained by Guatemalan institutions. The project will assist with the maintenance and supply of the laboratory and insure the proper use and disposal of chemical reagents. Finally, the project will train young Guatemalan scientists in the proper use of this instrumentation, data analysis, and sharing information with policy makers through public friendly reports and presentations to implement programs that will restore Lake Atitlán.

List of chemicals to be purchased under Enhance Scientific Capacity at Guatemalan Institutions for Long-Term Monitoring and Restoration Efforts at Lake Atitlán—*Unidos por un Lago Atitlán Vivo*

chemical	Analysis	Radioactive (y/n)	Hazardous waste (y/n)	Disposal possible by Universidad del Valle (y/n)
Hydrochloric Acid	Phosphorus	No	yes	yes
Ascorbic Acid	Phosphorus	No	no	yes
Ammonium Molybdate	Phosphorus	No	yes	yes
Antimony Potassium Tartrate	Phosphorus	No	yes	yes
Sodium Phosphate	Phosphorus	No	no	yes
Potassium Persulfate	Phosphorus	No	yes	yes
Sulfuric Acid	Phosphorus	No	yes	yes
Sodium Hydroxide	Phosphorus	No	yes	yes
methanol	algae	No	yes	yes
chlorophyll a standard	algae	No	no	yes
phenol	nitrogen	No	yes	yes
ethanol	nitrogen	No	no	yes

sodium citrate	nitrogen	No	no	yes
sodium hydroxide	nitrogen	No	yes	yes
bleach	nitrogen	No	no	yes
potassium ferrocyanide	nitrogen	No	no	yes
ammonium nitrate	nitrogen	No	yes	yes
hydrazine sulfate	nitrogen	No	yes	yes
cupric sulfate	nitrogen	No	yes	yes
sodium hydroxide	nitrogen	No	yes	yes
sulfanilamide	nitrogen	No	no	yes
NEDD	nitrogen	No	no	yes
phenol	nitrogen	No	yes	yes
sodium pyrophosphate	nitrogen	No	no	yes
sodium nitrate	nitrogen	No	no	yes